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Message Text

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SUBJECT: SWISS BANK SECRECY

FOLLOWING IS TEXT OF ARTICLE BY C. L. SULZBERGER IN
APRIL 17 NEW YORK TIMES ENTITLED QUOTE CASES WHERE CRIME
DOESN'T PAY UNQUOTE.

BEGIN TEXT. BERN--SWITZERLAND PROTECTS PRIVACY OF BANKING
DEPOSITS MORE THAN OTHER COUNTRIES AND ONE RESULT IS
THAT MANY FOREIGNERS WITH ILL-GOTTEN FINANCIAL GAINS SEEK
TO HIDE THEM HERE FROM PRYING OFFICIAL EYES. IT IS
THEREFORE CURIOUS THAT THIS LITTLE DEMOCRACY HAS NOT
BEEN MORE INVOLVED IN RAMIFICATIONS OF THE CURRENT
MULTINATIONAL BRIBERY SCANDALS.

ONE MIGHT HAVE IMAGINED, A PRIORI, THAT PERSONS ILLEGALLY

ACCEPTING LARGE BRIBES IN ORDER TO WIN BUSINESS
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CONTRACTS IN GLOBAL MARKETS WOULD HAVE RUSHED TO DEPOSIT

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THEM HERE IN ANONYMOUS NUMBERED ACCOUNTS, THUS
PROTECTING THEM FROM INSPECTION IN OTHER LANDS. BUT,
AFTER DISCUSSING THIS MATTER WITH OFFICIALS FROM THE BERN
FOREIGN MINISTRY, JUSTICE, TREASURY AND POLICE DEPARTMENTS
I AM PERSUADED THIS IS NOT THE CASE.

NOR IS THIS SIMPLY BECAUSE OF OFFICIAL DISCRETION
OBSCURING FINANCIAL TRANSACTIONS. THE SWISS MAKE IT
CLEAR THAT UNDER FREER INTERPRETATION OF THEIR AMENDED
BANKING SECRECY LAWS THE GOVERNMENT IS ALWAYS QUIETLY
ADVISED OF SUSPECTED IRREGULARITIES IN THE SOURCE OF
DEPOSITS. IN SUCH CASES IT IS INCLINED TO MAKE
RECORDS AVAILABLE TO FOREIGN INSPECTION WHEN THERE IS
REASON TO SUSPECT ILLEGALITY IN THE ORIGIN OF FUNDS.

THE ONLY PUBLIC ACTION HERE CONNECTED WITH THE BRIBERY
SCANDALS STEMMING FROM UNITED STATES CORPORATIONS WAS
GRANTING OF PERMISSION, SIX WEEKS AGO, TO A DUTCH INQUIRY
INTO CHARGES AGAINST PRINCE BERNHARD OF THE NETHERLANDS.
THIS ALLOWED INVESTIGATORS TO INTERROGATE ON SWISS
TERRITORY (A LIBERTY RARELY GRANTED TO FOREIGN OFFICIALS)
A RETIRED REPRESENTATIVE OF LOCKHEED AIRCRAFT AND THE

CONCERN'S ATTORNEY IN ZURICH. THE FORMER NOW LIVES IN
SWITZERLAND AND THE LATTER IS A SWISS NATIONAL.

THE REASONS WERE DUAL. THIS GOVERNMENT IS CONCERNED
ABOUT POSSIBLE EMBARRASSMENT TO THE DUTCH MONARCHY AS A
RESULT OF RUMORS CONCERNING BERNHARD'S ALLEGED CONNECTION
WITH LOCKHEED AND PRIVATELY BELIEVES THE PRINCE HAS BEEN
MALIGNED. IT DOESN'T WANT JUSTICE TO BE BLINDED BY
IGNORANCE. SECONDLY, BOTH BERN AND THE HAGUE HAVE
RATIFIED A CONVENTION OF JUDICIAL AND PENAL ASSISTANCE.

A SIMILAR TREATY BETWEEN SWITZERLAND AND THE U.S.A. WAS
SIGNED IN 1973 AND RATIFIED LAST YEAR BY THE SWISS.
IT STILL AWAITS APPROVAL BY THE UNITED STATES SENATE.
THIS SEEMS PARADOXICAL, CONSIDERING THE THEORETICAL
POSSIBILITY THAT WASHINGTON MIGHT WISH TO TRACE
SUSPICIONS OF MISBEHAVIOR BY AMERICAN CORPORATIONS.
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THE MAJOR FORCE IMPELLING SUCH THOUGHTS IS THE INQUIRY
CONDUCTED BY THE U.S. SENATE'S OWN FRANK CHURCH. IF
OUR GOVERNMENT IS SERIOUS ABOUT HUNTING DOWN POTENTIAL
CRIMINALS CONNECTED WITH THESE SCANDALS, IT WOULD DO WELL
TO LEGALIZE THE PACT MAKING POSSIBLE EXAMINATION OF
ACCOUNTS LINKED TO SUSPECTED CRIMES.

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THE SWISS HAVE A LONG TRADITION OF PROTECTING BANK DEPOSITS FROM PUBLIC SCRUTINY. THESE ARE CONSIDERED PRIVATE. IF MONEY IS KEPT IN A NUMBERED ACCOUNT (WHEREIN ONLY A HANDFUL OF BANK OFFICIALS KNOW THE NAME BEHIND THE NUMBER), THE SECRET IS HELD EVEN IF FOREIGN TAX COLLECTORS WOULD LIKE TO PRY INTO THE RECORDS.

FOR THE SWISS, TAX-DODGING IS NOT A CRIME; BUT ANY REAL CRIME IS ENOUGH TO OPEN THE BOOKS. A SERIOUSLY SUSPECTED CRIMINAL IS SUBJECT TO THIS RISK. SWITZERLAND FULLY COOPERATED IN MAKING DOCUMENTATION AVAILABLE TO LOCATE DEPOSITS OF REFUGEES FROM HITLER'S GERMANY, AFTER WORLD WAR II, AND ALSO TO HELP SEIZURE OF SECRET NAZI FUNDS.

BUT PARTICULAR CAUTION IS STILL EXERCISED IN DEFINING THE LIMITS OF SECRECY. THIS COUNTRY'S PENAL CODE SPECIFICALLY BANS FOREIGN AUTHORITIES FROM EXERCISING RIGHTS--SUCH AS INTERROGATION--ON SWISS TERRITORY, WITHOUT SPECIFIC GOVERNMENTAL PERMISSION, AS WAS THE CASE WITH THE DUTCH INVESTIGATORS.

ONCE THE UNITED STATES SENATE RATIFIES THE PENDING ACCORD WITH BERN IT IS CONCEIVABLE WASHINGTON MIGHT BE ABLE TO FOLLOW UP INQUIRIES IN THE BRIBERY AFFAIR THAT HAVE HITHERTO BEEN OBSCURED. CERTAIN OTHER NATIONS INVOLVED--SUCH AS JAPAN, IRAN AND SAUDI ARABIA--HAVE NO BILATERAL TREATIES WITH SWITZERLAND.

HOWEVER, THAT LACK IS NOT A COMPLETE BARRIER TO COOPERATION. BRIBERY IS CONSIDERED CRIMINAL HERE. IN DEFAULT OF A TREATY, AN INDIVIDUAL SWISS BANK'S GOOD WILL MAY BE ENCOURAGED TO MAKE CLASSIFIED INFORMATION AVAILABLE.
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A RECENT PRESIDENT OF THE SWISS CONFEDERATION SAYS: "WE SWISS ARE PERHAPS PARTICULARLY RIGOROUS IN MATTERS OF DISCRETION. AS FAR AS SWISS TAX LAW IS CONCERNED THERE IS NO DUTY IN GENERAL FOR BANKS TO TELL THE TAX AUTHORITIES ABOUT THEIR CLIENTS AND ACCOUNT-HOLDERS."

SO IF AND WHEN WASHINGTON HOPES TO DELVE DEEPER HERE IN SEARCH OF BRIBERY, IT MUST ALWAYS BE KEPT IN MIND THAT CRIMINALITY IS THE THEME TO BE STRESSED. FOR THE GNOMES OF ZURICH THE U.S. TAX-COLLECTOR'S NEEDS ARE NOT ENOUGH.
END TEXT. ROBINSON

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